

m/023/007

NORTH LILY MINING COMPANY

1800 Glenarm Place - Suite 210, Denver, Colorado 80202
Phone: 303-294-0427 Fax: 303-293-2235

FAX transmittal

DATE: 12 JULY 2000
TO: Wayne Hedberg
FAX: 801 359 3940
FROM: Gene Webb/Stephen Flechner
RE: Surety Bond Increase Amount

Hard copy to follow Yes No No of pages 2

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MESSAGE:

Please note that ~~the~~ new bond amount is \rightarrow \$191,507
and old bond amount was \rightarrow (\$58,900)
leaving difference for new bond amount of \rightarrow \$32,607

Seems like typo in attached letter transposed #'s in
new bond requirements to incorrectly read "\$36,200"
instead of intended "\$32,600?"

We shall proceed accordingly with your help, unless
you advise otherwise.

Best -

Gene Flechner



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

TO WAYNE
HEDBERG
W. Hedberg

Michael O. Leavitt
Governor
Kathleen Clarke
Executive Director
Lowell P. Braxton
Division Director

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801-838-7223 (TDD)

July 3, 2000

Steve Flechner, President
North Lily Mining Company
1800 Glenarm Place, Suite 210
Denver, Colorado 80202

Re: Bond Recalculation, North Lily Mining Company, Tintic Project, M/023/007, Juab County, Utah

Dear Mr Flechner:

Attached is a copy of the Tintic Project bond amount. This bond reflects a two year escalation as agreed to in the July 3, 2000 telephone conference with Lowell Braxton. Because of the many changes since the initial Tintic Project Reclamation Contract was signed, a new Reclamation Contract (RC) has been enclosed for your signature. This new RC is necessary to document any corporate changes that North Lily may have and changes the amount of the 2002, escalated bond amount. The Division has partially completed a new RC and would appreciate North Lily's assistance in filling in the remaining information on the form. A copy of the existing 1991 RC and Certificate of Deposit (CD) is also included for any questions or referrals you may have.

The Division understands that a CD will be issued in the amount of \$36,200 to cover the difference in the present CD and the amount shown on the enclosed surety estimate. *\$ 32,600*

The Division appreciates your immediate attention to this matter and looks forward to working with you this year to facilitate the closure of the Tintic Project. If you have any questions regarding this letter or these forms, please contact me at (801) 538-5382.

Doug Jensen →

Sincerely,
D. Wayne Hedberg

D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program
→ *538 5286*

jb
Attachment: Surety Estimate
Enclosure: MR-RC & CD dated 1991, partially completed RC, current CD form
M23-07.bondltr